



SwissLife  
Pension Services

# Asset Liability Management (ALM) module

## Your benefits

Swiss Life Pension Services (SLPS) helps you to locate the ideal specialists to analyse the assets and liabilities of your employee benefits unit (Vorsorgewerk). We put you in touch with the most suitable partner – Swiss Life Asset Management (SLAM). If you like, we can also coordinate all the work Swiss Life Asset Management performs on your behalf.

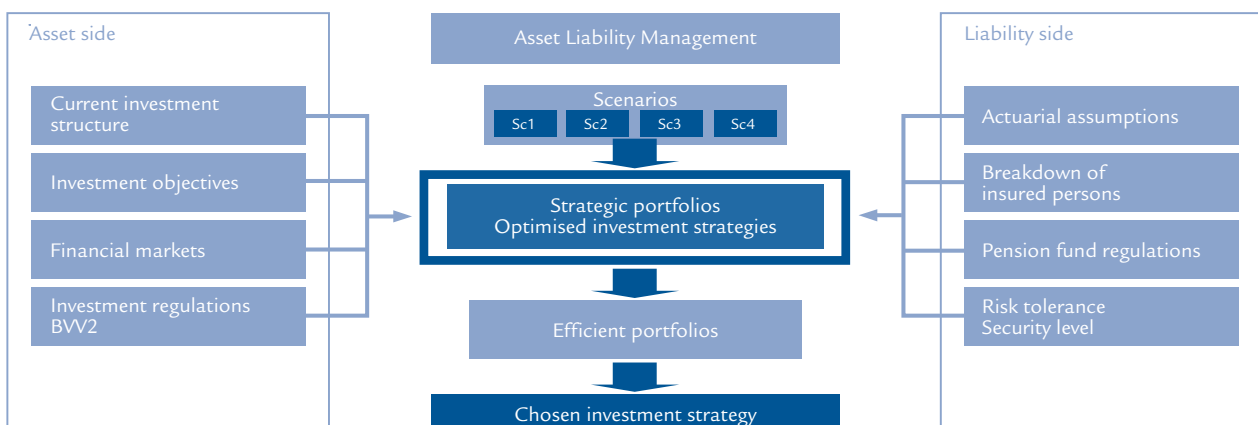
As a subsidiary of the Swiss Life Group, SLAM is part of an organisation with 150 years of asset management experience. With around CHF 115bn in total assets under management, SLAM is the fourth-largest institutional asset manager in Switzerland.

You can reap the benefits of its expertise and wealth of experience in the area of ALM studies. Using the key figures identified, an investment strategy can be defined which ensures, with a high probability, that the pension fund obligations are covered in the medium or long term by the assets available. The SLAM specialists accompany and support you as you work out your decision.

### What you gain: transparency and awareness

The results of the ALM study, tailored to the specific requirements of your employee benefits unit, enable the Board of Trustees to come to a decision on the initial strategy or look at the existing strategy critically and improve it if necessary. Thanks to the study, the financial situation of the employee benefits institution becomes more transparent to the Board of Trustees and, at the same time, the study provides a decision-making basis for the future investment strategy.

If the analysis confirms that the path being pursued is correct, there is no need for a new definition of the investment strategy. If the opposite is the case we will recommend a new strategy to you. Significant changes in the obligations of a pension fund (mergers, partial liquidation, etc.), that have been introduced during the past few years and which have had a considerable impact on risk capacity and targeted return, may make it necessary to modify the strategy.



## Our offer

SLAM's ALM offer is based on the following process:



### Asset & liability analysis

In an initial phase, the pension fund-specific data is carefully analysed. In the asset and liability analysis, SLAM calculates the following results for you:

- The current funding level and technical risk capacity
- Targeted return and acceptable return
- Presentation of the position of the current portfolio and the curve with other possible and efficient portfolios

### Investment strategy consultation

The information gained from the analysis is taken into account in the investment strategy consultation which consists of:

- Evaluation of the reference portfolio – taking into consideration the technical risk capacity, the targeted return and the efficient portfolios
- Recommendation for strategic asset allocation, as suggested by the proposed reference portfolio
- Definition of a benchmark
- In addition to the individual recommendations for portfolio adjustments based on the strategic asset allocation, you also receive the following information:
  - Anticipated future development of the funding level and its bandwidths
  - Probabilities of default
  - Necessary fluctuation reserves and remaining free funds

### ALM study

The findings for the asset and liability analysis and investment strategy consultation are incorporated directly into the ALM study. If required, different scenarios are taken into account in the report, which could take the following form:

- Annual increase in the current retirement pensions by an individually defined percentage rate (e.g. provision of cost of living adjustment)
- Switching the reserve basis for current retirement pensions
- A one-off strengthening of mathematical reserves using free funds

### Presentation of the ALM study's results

The results of the ALM study are analysed and presented on-site (to Board of Trustees, Investment Committee). SLAM goes into the specific investment strategy issues for your pension fund in greater depth during the joint discussion. In the decision-making process, you are always sure of competent assistance and support.

### You benefit from our expertise

Faced with a situation where employee benefit issues are becoming increasingly complex and challenging, security depends to a large degree on knowledge, experience and expertise. This is where we can help. You can reap the benefits of SLAM's experience and expertise in the area of institutional asset management.

SLAM offers you attractive and innovative solutions that stand out due to their long-term above-average investment performance and best-of-class client service.

SLAM sees itself as a provider of holistic solutions. Due to its many years of experience, SLAM can support you in every step of your decision-making process and in your strategic and tactical investment decisions. SLAM's investment solutions cover all investment categories to provide a broadly diversified portfolio. In addition, we also provide special solutions which make ideal add-ons.

SLAM focuses exclusively on asset management and hence does not have its own brokerage operations or offer custody services. Independence from banks and brokers rules out any potential conflicts of interest. Because of its size and the order volume this entails, SLAM can ensure that the customer gets the best possible conditions on stock market transactions when executing orders. Based on an individual ALM analysis, SLAM drafts a proposal for the optimal asset allocation for the assets you want to invest, which makes it easier for you to choose an investment strategy. Regular investment reports provide you with a breakdown of your capital position and investment income.

SLAM has been offering its services to institutional investors (e.g. pension funds) since 1985. With its above-average track record, SLAM has significantly expanded its institutional client base as well as the share of assets it manages for third parties.

SLAM is convinced that its hands-on management and long-term focus are a source of added value. Its structured, consistent and disciplined investment process holds the key to long-term performance.

## Advantages for you

- Based on the ALM analysis, we work out an investment strategy for you which ensures that, with a high degree of probability, the obligations of the pension fund in the medium and long-term can be covered by the available assets.
- We present you with solid figures on the probabilities of default and the amount of fluctuation reserves required. In this way you acquire total transparency regarding the risk capacity of your pension fund.
- We prepare a structured procedural model for you. With our support, you define an investment strategy that exactly corresponds to the specific situation of your employee benefits institution.
- We evaluate the efficient reference portfolio tailored to your pension fund. This is based on the required targeted return, the risk capacity, the key figures which have been determined and the probable future development of the optimised investments.

Swiss Life Pension Services gives you exactly the ALM specialists you need – to ensure that your pension fund can always look forward to a secure and successful future.

## Swiss Life Pension Services: a strong outsourcing partner

